

Message Text

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ACTION XMB-07

INFO OCT-01 AF-10 EUR-25 ISO-00 SWF-02 AGR-20 AID-20

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

TRSE-00 OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01 OMB-01

DRC-01 (ISO) W

----- 069485

R 311300Z MAY 74

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 8242

INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE KHARTOUM 1228

E.O. 11652: NA

TAGS: EFIN, EIND, SU UK

SUBJ: POSSIBLE XMBFINANCING FOR KENANA SUGAR PROJECT

REF: A. LONDON 6681; B. KHARTOUM 2236 OCT 73

1. EMBASSY SURPRISED BOTH BY SUBSTANCE AND LOCALE OF RENEWED SUDANESE APPROACH ON POSSIBLE EXIM FINANCING OF KENANA SUGAR PROJECT. PROJECT HAS BEEN IN WORKS FOR SOME TIME, APPLICATION HAS BEEN PREVIOUSLY MADE TO (AND TURNED DOWN BY) EXIM, AND THIS EMBASSY HAS HAD DIRECT DEALING WITH LONRHO IN PAST (REF B). THUS APPEARS EITHER LONRHO OR GOS THROUGH ITS LONDON EMBASSY MAKING END RUN THROUGH UNSUSPECTING EMBASSY LONDON WHICH WE WOULD NOT WISH ENCOURAGE.

2. AS FOR TIMING, IT WAS OUR UNDERSTANDING THAT PROJECT WAS INDEED GOING AHEAD, BUT ON BASIS ECGD (BELIEVE FIGURE WAS 20-25 MILLION POUNDS STERLING) AND JAPANESE FINANCING, AS WELL AS SOME PARTICIPATION BY LONRHO ITSELF. IT WAS OUR UNDERSTANDING THAT POSSIBILITY OF USG PARTICIPATION HAD BEEN

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DROPPED. LONDON REFTEL INDICATES LATEST FINANCING PROPOSALS

HAVE THEMSELVES HIT SNAG.

3. AS FOR EMBASSY POSITION, IN EVENT OPPORTUNITY FOR US SALES STILL EXISTS, THIS DIFFICULT TO BUY IN ABSENCE DETAILS OF WHAT MAY BE INVOLVED. IN EARLIER SITUATION WHEN LONRHO SEEKING UPWARDS \$80 MILLION FROM EXIM WHILE PUTTING UP MINIMAL SHARE ITSELF, WE HAD FULL SYMPATHY WITH EXIM'S RELUCTANCE. ON OTHER HAND, THIS APPEARS BE VIABLE PROJECT (WITH PROVISION FOR ESCROW ACCOUNT TO GUARANTEE REPAYMENT) IN WHICH US EQUIPMENT RATES HIGHLY. IF US SALE CAN BE MADE WITH REDUCED EXIM EXPOSURE, THEN IN PRINCIPLE WE WOULD URGE SUPPORT. CENTRAL FACT REMAINS, HOWEVER, THAT IN ABSENCE FURTHER DIRECT CONTACT BY LONRHO OR GOS WITH EMBASSY KHARTOUM, WE CAN MAKE NO DEFINITIVE RECOMMENDATION AT THIS TIME.

4. COMMENT: WHILE WE APPRECIATE REFTEL DESIRE ASSIST SUDANESE AMBASSADOR, WOULD HOPE EMBASSY LONDON WILL CONTINUE DO WHAT IT CAN ENCOURAGE BOTH LONRHO WHICH HAS RESIDENT OFFICE HERE) AND SUDANESE DEAL DIRECTLY WITH US ON THIS TANGLED ISSUE, EITHER IN KHARTOUM OR WASHINGTON. BREWER

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Message Attributes

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